

ASSEMBLY BILL

No. 251

Introduced by Assembly Member Parra

February 3, 2003

An act relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 251, as introduced, Parra. Interagency Task Force on Excellence in Economic Development.

Existing law provides for various programs for economic development within the state.

This bill would, until January 1, 2005, require the Secretary of Technology, Trade, and Commerce and the Secretary of Labor, jointly, to establish, not later than March 1, 2004, an Interagency Task Force on Excellence in Economic Development, with a specified membership. It would require the task force to conduct specified activities, and not later than September 1, 2004, make recommendations to the Governor and the Legislature regarding the state's economic development investments, and program evaluation and consolidation, restructuring, and coordination.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The current downturn in the state's economy has
- 4 contributed to a serious fiscal crisis in state government.

1 (b) A strong and effective economic development policy is an
2 important priority in any long-term recovery strategy.

3 (c) A January 2002 report by the California Budget Project
4 entitled “Maximizing Returns: A Proposal for Improving the
5 Accountability of California’s Investments in Economic
6 Development” found all of the following:

7 (1) California spends approximately \$7.8 billion in economic
8 development programs administered by more than two dozen
9 departments and agencies. Of that amount, \$5.5 billion (77
10 percent) is spent on programs supported through the Revenue and
11 Taxation Code, which are not tied to any state program budget and
12 receive little or no oversight and evaluation.

13 (2) Tax expenditures are not reviewed as part of the annual
14 budget process and little or no data is available to assess the extent
15 to which a tax credit or other incentive has achieved the desired
16 public policy goal.

17 (3) One of the state’s major administering agencies for
18 economic development, the Technology, Trade, and Commerce
19 Agency, administered only one out of every \$20 of the state’s total
20 economic development spending in the 2000–01 fiscal year.

21 (4) The State Department of Education and the California
22 Community Colleges administer the largest share of on-budget
23 spending (44 percent) through investments in vocational
24 education and job training.

25 (5) Currently no single report, document, or data source
26 presents a comprehensive picture of state economic development
27 expenditures.

28 (6) Improved coordination is needed between existing state and
29 local economic development programs.

30 SEC. 2. It is the intent of the Legislature in enacting this act
31 to do both of the following:

32 (a) Improve the state’s capacity to identify, coordinate, and
33 evaluate the state’s immense investments in economic
34 development in order to better meet the regional needs of business
35 and industry, including, but not limited to, on-budget investments
36 and tax expenditures, as identified in the January 2002 California
37 Budget Project report.

38 (b) Develop strategies to ensure that the state’s investments are
39 designed to meet current economic development needs and
40 priorities, including, but not limited to, infrastructure and



1 transportation investments, affordable housing, access to business
2 capital, availability of quality education and workforce training,
3 creation of a business friendly regulatory environment, and access
4 to business capital.

5 SEC. 3. (a) Not later than March 1, 2004, the Secretary of
6 Technology, Trade, and Commerce and the Secretary of Labor,
7 jointly, shall establish an Interagency Task Force on Excellence in
8 Economic Development designed to develop a unified state
9 economic development strategy.

10 (b) Task force members may include, but need not be limited
11 to, representatives of departments and agencies operating or
12 overseeing economic and business development and workforce
13 education and training programs, including, but not limited to, the
14 State Department of Education, the Secretary of Education, the
15 University of California, the California State University, the
16 California Community Colleges, the State Energy Resources
17 Conservation and Development Commission, the Department of
18 Food and Agriculture, the office of the Treasurer, the Employment
19 Development Department, the California Workforce Investment
20 Board, the State Board of Equalization, and the Franchise Tax
21 Board.

22 (c) To the extent feasible the task force shall do all of the
23 following:

24 (1) Inventory the state's current investments in economic
25 development programs, including, but not limited to, on-budget
26 programs and those supported by tax expenditures as identified by
27 the California Budget Project in its January 2002 report.

28 (2) Consult with academic experts and economists in designing
29 an effective evaluation strategy that will provide the state with
30 outcome-based assessment tools to guide current and future
31 investments in economic development.

32 (3) Consult with the Economic Strategy Panel within the
33 Technology, Trade, and Commerce Agency regarding current data
34 on region-by-region economic trends and private sector needs, in
35 order to guide the state's current and future economic development
36 priorities.

37 (4) Not later than September 1, 2004, make recommendations
38 to the Governor and the Legislature regarding all of the following:

39 (A) Goals and objectives guiding the state's economic
40 development investments, and guidelines to be utilized in

1 identifying and earmarking what is to be included in a full
2 inventory of the state's economic development programs.

3 (B) Standards for collecting data needed for program
4 evaluation and assessment as well as recommendations, as needed,
5 for program consolidation and restructuring.

6 (C) New strategies for institutionalizing coordination between
7 state and local economic development programs, including, but
8 not limited to, those operated by small business financial
9 development corporations.

10 (d) This section shall remain in effect only until January 1,
11 2005, and as of that date is repealed, unless a later enacted statute,
12 that is enacted before January 1, 2005, deletes or extends that date.

